

ECONOMIC NEWS

United States: Still No Slowdown in the Job Market

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HIGHLIGHTS

- ▶ According to the establishment survey released today, the US economy added 263,000 jobs in November. This comes after gains of 284,000 in October (revised from 261,000) and 269,000 in September (revised from 315,000).
- ▶ Employment rose 14,000 in manufacturing and 20,000 in construction. The private service sector added 184,000 jobs, less than October's increase of 201,000. Job losses were recorded in retail trade (-29,900), wholesale trade (-3,300) and transportation and warehousing (-15,100). On the flip side, there were gains of 78,000 in accommodation and food services and 82,000 in education and health services, but just 6,000 in professional and business services. The public sector added 42,000 jobs, mainly in local government.
- ▶ Average hourly earnings rose 0.6% in November, the biggest monthly increase since January. Year-over-year, they were up 5.1% in November versus 4.9% in October.
- ▶ The unemployment rate remained unchanged at 3.7%. The household survey showed a decline of 138,000 jobs, with the labour force contracting by 186,000. The labour force participation rate edged down from 62.2% to 62.1%.

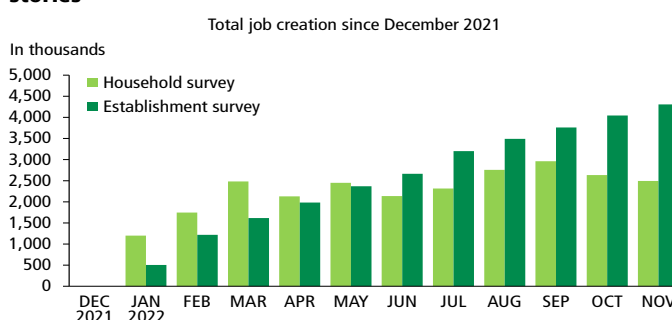
COMMENTS

Job creation remains robust in the United States. November's pickup of 263,000 jobs far exceeded consensus expectations. Analysts predicted hiring to fall to around 200,000. Still, this was the weakest job growth reading since December 2020. And September's print was revised downward by a sizeable 46,000 jobs.

The picture is also lacklustre at the sector level. Only 63.5% of the 256 sectors surveyed reported an increase in their workforce. There were also job losses in a number of sectors, including residential construction, department stores, general merchandise stores, furniture and electronics stores, wholesale trade, and transportation and warehousing. Professional and business

GRAPH

The two US labour market surveys continue to tell different stories



Sources: Bureau of Labor Statistics and Desjardins Economic Studies

services posted a meagre gain after shedding 17,200 jobs in temporary help services. This could be the first sign of a more broad-based slowdown in worker demand.

The household and establishment surveys paint a starkly different employment picture. While the establishment survey showed a gain of 547,000 jobs over the past two months, the household survey showed 466,000 net job losses. The household survey is statistically less reliable, so we'll have to wait and see whether it truly is a harbinger of future employment weakness.

IMPLICATIONS

The US job market—including wage growth—remains resilient, a sign of continued economic strength. The Federal Reserve will therefore have no choice but to keep raising interest rates, though future hikes should be smaller.